

Discussant Comments

Immigrant Financial Services Study
Kathryn Glynn Broderick

What determines use of financial transaction products?
Ryan Goodstein and Sherrie Rhine

Una Osili

*Indiana University-Purdue University
at Indianapolis*

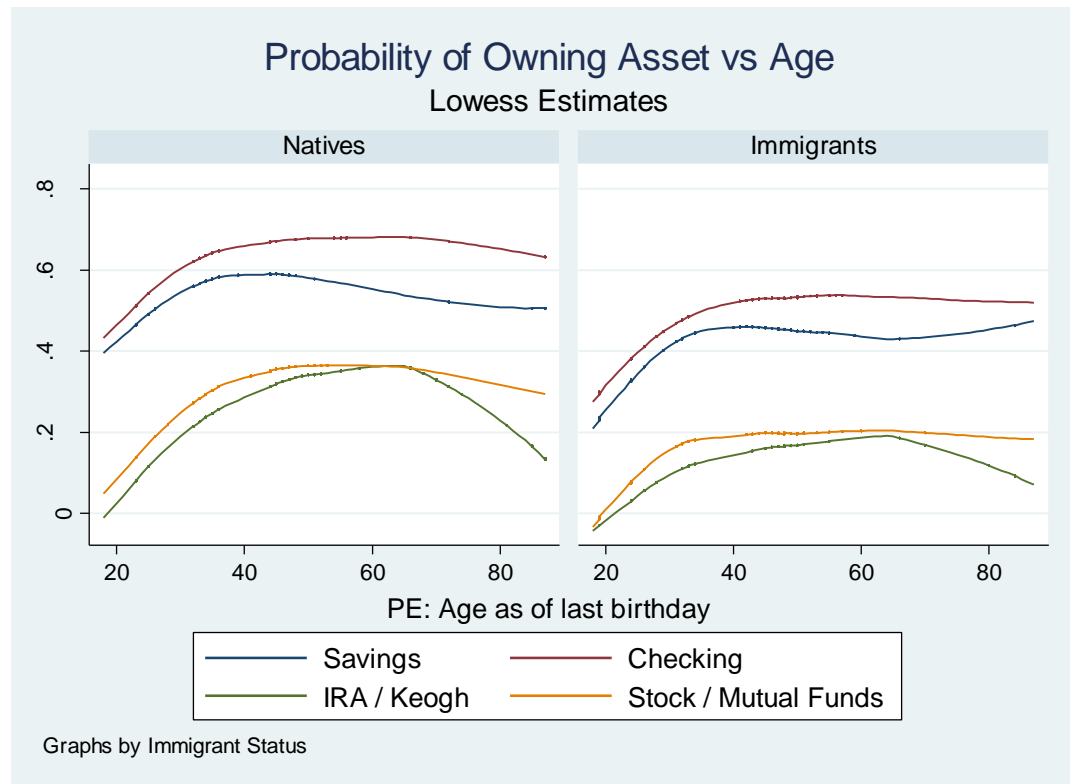
Overview

- Timely Questions: What factors explain use of financial services?
- Role of household vs. location variables
 - Unique data sets
 - IFI 2011 (N=1032)
 - CPS 2011 Unbanked supplement
 - Rich cross Sectional data
- New insights from institutional data
 - Examine barriers and constraints

Financial Behavior

- Bank Account Ownership
- Savings
- Investment
- Private Transfers (including remittances)
- Entrepreneurship
- Home Ownership
- Difficult to disentangle demand vs supply.
 - Could also study impact of financial crisis on use of financial services.

Immigrants and ethnic minorities are less likely to use formal financial services



IFI 2011

	Mexican (443)	Ecuadoran (417)	Chinese (464)	Total (1,324)
Banked	43%	65%	95%	68%
Unbanked	57%	35%	5%	32%
Total	100%	100%	100%	100%

Next Step: Examine the role of beliefs

- Confidence in banks and other financial institutions affects behavior

Also, indirect channels

- Trust in institutions
- Attitudes towards risk
- Optimism about the future
- Feelings of control
- Time preference
- Experiencing a bank crisis may affect beliefs directly

Some ideas for future work

- Panel Data
- Field Experiments
- Need additional information on immigrant experience
 - Availability of U.S. networks
 - Language ability
 - Age at migration
 - Impact of Financial Crisis
 - Time to adapt to U.S.
 - More pre-migration experience with financial institutions
 - Better economic conditions at time of arrival (?)

Next Steps

- Examine role of ethnic networks and location characteristics.
 - Size of network: Facilitate adaptation
 - Quality of network: Exposure to crises, financial market participation
- Intra-household analysis:
 - Head/spouse variation to address:
 - Age at migration
 - More time to adapt to U.S.
- Explore additional country level measures of access to financial services
- Use variation in year of arrival to control for economic conditions at time of arrival.

Question: How does a crisis affect financial behavior

- Main Challenge: Isolate the mechanism through which experience with a crisis affects future behavior.
- Potential Explanations: endogenous preferences, beliefs depend on past experiences, or with learning, where current beliefs depend on the realizations experienced in the past.